

Financial Statements

[Certification of Financial Statements](#)

[Statement of Comprehensive Income](#)

[Statement of Financial Position](#)

[Statement of Changes in Equity](#)

[Statement of Cash Flows](#)

[Notes to the Financial Statements:](#)

[1. Basis of preparation](#)

[2. Use of our funding](#)

[3. Our funding sources](#)

[4. Key assets](#)

[5. Other assets and liabilities](#)

[6. Financing](#)

[7. Financial instruments and Contingencies](#)

[8. Other disclosures](#)

[9. Explanatory statements](#)

This page has been intentionally left blank.

30 June 2023

Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2023

The accompanying financial statements of the Parliamentary Commissioner for Administrative Investigations have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Leyla Nowbakht
Chief Finance Officer

15 August 2023



Chris Field PSM
Accountable Authority

15 August 2023

Parliamentary Commissioner for Administrative Investigations Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	9,743,632	8,874,708
Supplies and services	2.2	1,362,296	923,781
Depreciation and amortisation expense	4.1, 4.2, 4.3	257,348	255,394
Accommodation expenses	2.2	1,184,839	1,336,207
Finance costs	6.2	1,100	959
Other expenses	2.2	61,306	31,002
Total cost of services		12,610,521	11,422,051
Income			
Other Income	3.2	2,684,988	2,582,319
Total Income		2,684,988	2,582,319
NET COST OF SERVICES		9,925,533	8,839,732
Income from State Government			
Service appropriation	3.1	10,944,000	8,308,000
Resources received	3.1	116,416	308,270
Total income from State Government		11,060,416	8,616,270
SURPLUS/(DEFICIT) FOR THE PERIOD		1,134,883	(223,462)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,134,883	(223,462)

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Parliamentary Commissioner for Administrative Investigations

Statement of Financial Position

As at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.3	1,440,156	294,228
Restricted cash and cash equivalents	6.3	7,653	4,630
Receivables	5.1	6,330	48,243
Amounts receivable for services	5.2	208,000	208,000
Total Current Assets		1,662,139	555,101
Non-Current Assets			
Restricted cash and cash equivalents	6.3	272,507	192,143
Amounts receivable for services	5.2	2,065,000	2,036,000
Plant and equipment	4.1	122,816	146,396
Intangible assets	4.2	284,471	209,014
Right-of-use assets	4.3	49,347	25,433
Total Non-Current Assets		2,794,141	2,608,986
TOTAL ASSETS		4,456,280	3,164,087
LIABILITIES			
Current Liabilities			
Payables	5.3	312,040	320,079
Employee related provisions	2.1(b)	2,033,334	1,830,190
Lease liabilities	6.1	6,391	12,016
Contract liabilities	5.4	77,066	79,052
Total Current Liabilities		2,428,831	2,241,337
Non-Current Liabilities			
Employee related provisions	2.1(b)	410,868	541,522
Lease liabilities	6.1	34,424	13,376
Contract liabilities	5.4	58,422	-
Total Non-Current Liabilities		503,714	554,898
TOTAL LIABILITIES		2,932,545	2,796,235
NET ASSETS		1,523,735	367,852
EQUITY			
Contributed equity		1,288,000	1,267,000
Accumulated surplus/(deficit)		235,735	(899,148)
TOTAL EQUITY		1,523,735	367,852

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Parliamentary Commissioner for Administrative Investigations Statement of Changes in Equity

For the year ended 30 June 2023

	Contributed equity	Accumulated surplus/(deficit)	Total equity
	\$	\$	\$
Balance at 1 July 2021	1,246,000	(675,686)	570,314
Surplus/(Deficit)	-	(223,462)	(223,462)
Total comprehensive income for the period	-	(223,462)	(223,462)
Transactions with owners in their capacity as owners:			
Capital appropriations	21,000	-	21,000
Total	21,000	-	21,000
Balance at 30 June 2022	1,267,000	(899,148)	367,852
Balance at 1 July 2022	1,267,000	(899,148)	367,852
Surplus/(Deficit)	-	1,134,883	1,134,883
Total comprehensive income for the period		1,134,883	1,134,883
Transactions with owners in their capacity as owners:			
Capital appropriations	21,000	-	21,000
Total	21,000	-	21,000
Balance at 30 June 2023	1,288,000	235,735	1,523,735

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Parliamentary Commissioner for Administrative Investigations

Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		10,707,000	8,072,000
Holding account drawdown		208,000	208,000
Capital appropriations		21,000	21,000
Net cash provided by State Government		10,936,000	8,301,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(9,647,710)	(8,821,617)
Supplies and services		(1,262,489)	(822,740)
Finance costs		(1,100)	(959)
Accommodation		(1,171,695)	(1,137,477)
GST payments on purchases		(248,857)	(213,165)
GST payments to taxation authority		(99,175)	(77,893)
Other payments		(29,795)	(26,600)
Receipts			
GST receipts on sales		272,630	255,868
GST receipts from taxation authority		56,934	108,809
Other receipts		2,684,988	2,582,372
Net cash provided by (used in) operating activities		(9,446,269)	(8,153,402)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(238,645)	(184,445)
Net cash provided by (used in) investing activities		(238,645)	(184,445)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(21,772)	(20,811)
Net cash provided by (used in) financing activities		(21,772)	(20,811)
Net increase/(decrease) in cash and cash equivalents		1,229,314	(57,658)
Cash and cash equivalents at the beginning of the period		491,002	548,660
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.3	1,720,316	491,002

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Parliamentary Commissioner for Administrative Investigations

Notes to the Financial Statements

for the year ended 30 June 2023

1. Basis of preparation

The Office is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Office is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Office on 15 August 2023.

Statement of compliance

These general purpose financial statements are prepared in accordance with:

- (1) The *Financial Management Act 2006* (**FMA**);
- (2) The Treasurer's Instructions (**TIs**);
- (3) Australian Accounting Standards – Simplified Disclosures; and
- (4) Where appropriate, those Australian Accounting Standards paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over Australian Accounting Standards. Several Australian Accounting Standards are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the Office as a purchaser that is not recoverable from the Australian Taxation Office (**ATO**) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, as designated as contributions by owners (at the time of, or prior to, transfer) be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- Property, Plant and Equipment reconciliations;
- Intangible Asset reconciliations; and
- Right of Use Asset reconciliations.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expenses	2.1(a)
Employee related provisions	2.1(b)
Other expenditure	2.2

2.1(a) Employee benefits expense

	2023	2022
	\$	\$
Employee benefits	8,574,946	7,834,554
Superannuation - defined contribution plans	918,491	826,368
Other related expenses	250,195	213,786
Employee benefits expenses	9,743,632	8,874,708
Add: AASB 16 Non-monetary benefits	14,380	21,311
Employee Contributions (per Note 3.2 Other Income).	(14,545)	(10,931)
Total employee benefits provided	9,743,467	8,885,088

Employee benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave; and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Office is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: is the amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: are non-monetary employee benefits, predominantly relating to the provision of vehicle benefits that are recognised under AASB 16 and are excluded from the employee benefits expense.

Employee Contributions: are contributions made to the Office by employees towards employee benefits that have been provided by the Office. This includes both AASB 16 and non-AASB 16 employee contributions.

Note 2.1(b) Employee related provisions

	2023	2022
	\$	\$
Current		
<i>Employee benefits provision</i>		
Annual leave	750,953	677,893
Long service leave	1,254,693	1,137,902
Purchased leave scheme	18,591	6,131
	2,024,237	1,821,926
<i>Other provisions</i>		
Employment on-costs	9,097	8,264
	9,097	8,264
Total current employee related provisions	2,033,334	1,830,190
Non-current		
<i>Employee benefits provision</i>		
Long service leave	409,030	539,098
	409,030	539,098
<i>Other provisions</i>		
Employment on-costs	1,838	2,424
	1,838	2,424
Total non-current employee related provisions	410,868	541,522
Total employee related provisions	2,444,202	2,371,712

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities are unconditional long service leave provisions and are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Office does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Purchase leave liabilities are classified as current as they must be cleared or paid out within 12 months.

Employment on-costs involve settlements of annual and long service leave liabilities which gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance premiums, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenditure', Note 2.2 (apart from the unwinding of the discount (finance cost)), and are not included as part of the Office's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2023 \$
<u>Employment on-cost provision</u>	
Carrying amount at start of period	10,688
Additional provisions recognised	247
Carrying amount at end of period	10,935

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Office's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Other expenditure

	2023 \$	2022 \$
Supplies and services		
Communications	54,698	60,077
Consumables	139,997	95,731
Services and contracts	527,046	402,428
Services received free of charge	103,271	109,541
Insurance	22,513	21,575
Travel	266,670	84,706
Other	248,101	149,723
Total supplies and services expenses	1,362,296	923,781
Accommodation expenses		
Office Rental	1,151,666	1,137,478
Repairs and maintenance	20,028	-
Services received free of charge	13,145	198,729
Total accommodation expenses	1,184,839	1,336,207
Other		
Employment on-costs	248	(423)
Audit fee	60,400	26,600
Bad debts	544	-
Other	114	4,825
Total other expenses	61,306	31,002
Total other expenditure	2,608,441	2,290,990

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Office rental is expensed as incurred as Memorandum of Understanding Agreements between the Office and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

3. Our funding sources

How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Office and the relevant notes are:

	Notes
Income from State Government	3.1
Other income	3.2

3.1 Income from State Government

	Notes	2023 \$	2022 \$
Appropriation received during the period:			
- Service appropriation		10,258,000	7,626,000
- Special Acts		686,000	682,000
Total service appropriation		10,944,000	8,308,000
Resources received from other public sector entities during the period:			
State Solicitor's Office	2.2	2,095	-
Department of the Premier and Cabinet	2.2	101,176	109,541
Department of Finance	2.2	13,145	198,729
Total resources received		116,416	308,270
Total income from State Government		11,060,416	8,616,270

Service Appropriations are recognised as income at the fair value of consideration received in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the holding account held at Treasury.

Resources received from other public sector entities is recognised as income equivalent to the fair value of assets received, or the fair value of services received that can be reliably determined and which would have been purchased if not donated.

Parliamentary Commissioner for Administrative Investigations

Summary of consolidated account appropriations

For the year ended 30 June 2023

	2023 Budget	2023 Supplementary Funding	2023 Mid-year Review Adjustment	2023 Revised Budget	2023 Actual	2023 Variance
	\$	\$	\$	\$	\$	\$
Delivery Services						
Item 4 Net amount appropriated to deliver services	9,548,000	710,000	-	10,258,000	10,258,000	-
Section 25 Transfer of service appropriation	-	-	-	-	-	-
Amount Authorised by Other Statutes						
- <i>Parliamentary Commissioner Act 1971</i>	686,000	-		686,000	686,000	-
Total appropriations provided to deliver services	10,234,000	710,000	-	10,944,000	10,944,000	-
Capital						
Item 92 Capital appropriations	268,000		(247,000)	21,000	21,000	-
Total Consolidated account appropriations	10,502,000	710,000	(247,000)	10,965,000	10,965,000	-

3.2 Other income

	2023 \$	2022 \$
Employee contributions ^(a)	14,545	10,931
Other revenue - general	46,202	23,881
Other recoup ^(b)	2,624,241	2,547,507
Total other income	2,684,988	2,582,319

(a) Contributions made to the Office by employees towards employee benefits that have been provided by the Office under the Senior Officer Vehicle Scheme.

(b) Includes recoup for the costs of the functions of the Energy and Water Ombudsman Western Australia and services of the Office in relation to complaints involving the Indian Ocean Territories (see Note 8.7).

Revenue is recognised and measured at the fair value of consideration received or receivable.

4. Key assets

This section includes information regarding the key assets the Office utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes
Plant and equipment	4.1
Intangibles	4.2
Right-of-use assets	4.3

4.1 Plant and equipment

	Furniture and Fittings	Computer Hardware	Office Equipment	Communications	Total
Year ended 30 June 2023	\$	\$	\$	\$	\$
1 July 2022					
Gross carrying amount	6,814	405,221	41,875	-	453,910
Accumulated depreciation	(6,814)	(271,555)	(29,145)	-	(307,514)
Carrying amount at start of period	-	133,666	12,730	-	146,396
Additions	-	44,169	12,787	-	56,956
Disposals	-	-	-	-	-
Depreciation	-	(73,684)	(6,852)	-	(80,536)
Carrying amount at end of period 30 June 2023	-	104,150	18,665	-	122,816
Gross carrying amount	6,814	449,390	40,007	-	496,211
Accumulated depreciation	(6,814)	(345,240)	(21,342)	-	(373,396)

Initial recognition

Items of plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Subsequent measurement

Plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Useful lives

All plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years
Furniture and fittings	10 years
Plant and machinery	10 years
Computer hardware	3 years
Office equipment	5 years
Motor vehicles	3 - 5 years
Software ^(a)	3 years

(a) Software that is integral to the operation of related hardware.

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost and is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the class of asset.

As the Office is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

4.2 Intangible assets

	Computer Software	Total
Year ended 30 June 2023	\$	\$
1 July 2022		
Gross carrying amount	2,244,416	2,244,416
Accumulated amortisation	(2,035,402)	(2,035,402)
Carrying amount at start of period	209,014	209,014
Additions	238,990	238,990
Amortisation	(163,532)	(163,532)
Carrying amount at 30 June 2023	284,471	284,471

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

Acquired and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria of AASB 138 *Intangible Assets* (as noted above), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) an intention to complete the intangible asset, and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) the intangible asset will generate probable future economic benefit;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

4.2.1 Amortisation and impairment

Charge for the period

	2023	2022
	\$	\$
Computer software	163,532	172,171
Total amortisation for the period	163,532	172,171

As at 30 June 2023 there were no indications of impairment to intangible assets.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Useful lives

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Office have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Asset	Useful life: years
Computer software ^(a)	3 years

(a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually or when an indication of impairment is identified. As at 30 June 2023 there were no indications of impairment to intangible assets.

The policy in connection with testing for impairment is outlined in note 4.1.

4.3 Right of use assets

Charge for the period

	Vehicles	Total
	\$	\$
Year ended 30 June 2023		
Carry amount at beginning of period	25,433	25,433
Additions	37,194	37,194
Depreciation	(13,280)	(13,280)
Net carrying amount as at end of period	49,347	49,347

The Office has leases for vehicles. The lease contracts are typically made for fixed periods of 5 years.

The Office has also entered into a Memorandum of Understanding Agreements with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Initial recognition

At the commencement date of the lease, the Office recognises right-of-use assets and a corresponding lease liability for most leases. The right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1 Lease liabilities.

The Office has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Office at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 4.1.

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Office's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes
Receivables	5.1
Amounts receivable for services	5.2
Payables	5.3
Contract liabilities	5.4

5.1 Receivables

	2023	2022
	\$	\$
Current		
Receivables	700	19,385
GST receivable	-	-
Purchased leave receivable	5,630	28,858
Total current	6,330	48,243

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net receivables is equivalent to fair value as it is due for settlement within 30 days.

5.2 Amounts receivable for services (Holding Account)

	2023	2022
	\$	\$
Current	208,000	208,000
Non-current	2,065,000	2,036,000
Total Amounts receivable for services at end of period	2,273,000	2,244,000

Amounts receivable for services represent the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

The amounts receivable for services are a financial assets at amortised costs, and are considered not impaired (i.e. there is no expected credit loss of the holding accounts).

5.3 Payables

	2023	2022
	\$	\$
Current		
Accrued expenses	78,106	50,829
Accrued salaries	209,045	234,153
Accrued superannuation	22,522	14,356
GST payable	2,367	20,741
Total payables at end of period	312,040	320,079

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 15 - 20 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

TI 323 *Timely Payment of Accounts* requires payments for goods, services and for works or construction of less than \$1 million and not subject to an exemption, to be paid within 20 days. Payments for invoices over \$1 million are required to be settled within 30 calendar days of the receipt of a correctly rendered invoice, or provisions of goods or services.

5.4 Contract liabilities

	2023	2022
	\$	\$
Current		
Software contracts ^(a)	77,066	79,052
Total current	77,066	79,052
Non-current		
Software contracts ^(a)	58,422	-
Total non-current	58,422	-
Balance at end of period	135,487	79,052

(a) Software contracts for finance, records management, case management and email system that are over a period of 2 or more years.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the Office.

	Notes
Lease liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Capital commitments	6.4

6.1 Lease liabilities

	Notes	2023	2022
		\$	\$
Lease liabilities			
Not later than one year		6,391	12,016
Later than one year and not later than five years		34,424	13,376
Later than 5 years		-	-
		40,815	25,392
Current		6,391	12,016
Non-current		34,424	13,376
		40,815	25,392

At the commencement date of the lease, the Office recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Office uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Office as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease; and
- periods covered by extension or termination options are only included in the lease term by the Office if the lease is reasonably certain to be extended (or not terminated).

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales an index or a rate, are recognised by the Office in profit and loss in the period in which the condition that triggers those payments occurs.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

This section should be read in conjunction with note 4.3.

	2023	2022
	\$	\$
Lease expenses recognised in the Statement of comprehensive income		
Lease interest expense	1,100	959

6.2 Finance costs

	2023	2022
	\$	\$
Finance costs		
Interest expense on Lease Liabilities	1,100	959
Total finance costs	1,100	959

Finance cost includes the interest component of lease liability repayments, and the increase in financial liabilities and non-employment provisions due to the unwinding of discounts to reflect the passage of time.

6.3 Cash and cash equivalents

	Notes	2023 \$	2022 \$
Current			
Cash and cash equivalents		1,440,156	294,228
Restricted cash and cash equivalents			
– Indian Ocean Territories	8.7	7,653	4,630
Non-current			
Restricted cash and cash equivalents			
– Accrued salaries suspense account ^(a)		272,507	192,143
Balance at end of period		1,720,316	491,001

(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the Statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and are subject to insignificant risk of changes in value.

The accrued salaries suspense account consists of amounts paid annually into a Treasurer's special purpose account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6.4. Commitments

All commitments are presented inclusive of GST.

6.4 Capital commitments

	2023 \$	2022 \$
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year ^(a)	14,928	59,610
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	14,928	59,610

(a) Due to the timing of the replacement of Office assets, some assets were committed, but not paid in 2022-23.

7. Financial instruments and Contingencies

This note sets out the key risk management policies and measurement techniques of the Office.

	Note
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	1,720,316	491,001
Financial assets at amortised cost ^(a)	2,279,330	2,292,243
Total financial assets	3,999,646	2,783,244
Financial Liabilities		
Financial liabilities at amortised cost ^(b)	215,000	245,677
Total financial assets	215,000	245,677

(a) The amount of Financial assets at amortised costs excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of Financial liabilities at amortised costs excludes GST payable to the ATO (statutory payable).

All financial assets and liabilities are carried without subsequent remeasurement.

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

The Office is not aware of any contingent liabilities or contingent assets at the end of the reporting period.

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	<u>8.1</u>
Changes in accounting policy	<u>8.2</u>
Key management personnel	<u>8.3</u>
Related party transactions	<u>8.4</u>
Remuneration of auditors	<u>8.5</u>
Supplementary financial information	<u>8.6</u>
Indian Ocean Territories	<u>8.7</u>

8.1 Events occurring after the end of the reporting period

The Office is not aware of any event after the end of the reporting period that may have an impact on the financial statements.

8.2 Changes in accounting policy

The Office has adopted the following new Australian Accounting Standards in accordance with transitional provisions applicable to each standard:

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

The Office considers these standards do not have a material impact on the Office.

8.3 Key management personnel

The Office has determined key management personnel to include cabinet ministers and senior officers of the Office. The Office does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Office for the reporting period are presented within the following bands:

Compensation band (\$)	2023	2022
450,001 - 500,000	1	1
400,001 - 450,000	-	-
350,001 - 400,000	-	-
300,001 - 350,000	-	-
250,001 - 300,000	-	1
200,001 - 250,000	6	3
150,001 - 200,000	3	2
100,001 - 150,000	2	2
50,001 - 100,000	1	-
0 - 50,000	-	-
	2023	2022
	\$	\$
Total compensation of senior officers	2,670,247	2,056,939

Total compensation includes the superannuation expense incurred by the Office in respect of senior officers.

The increase in the number of Key management personnel in 2022-23 compared to 2021-22 is due to additional functions delivered by the Office.

8.4 Related party transactions

The Office is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Office include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Other than superannuation payments to GESB (Note 2.1 (a)) there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2023	2022
	\$	\$
Auditing the accounts, financial statements, controls,	56,000	31,000
	56,000	31,000

8.6 Supplementary financial information

(a) Write-offs

During the financial year, \$544 (2022: nil) was written off under the authority of:

	2023	2022
	\$	\$
The Accountable Authority	544	-
	544	-

(b) Losses through theft, defaults and other causes

There were no losses of public money and public and other property during the period.

(c) Forgiveness of debts

There were no debts waived during the period.

(d) Gifts of public property

There were no gifts of public property provided by the Office during the period.

8.7 Indian Ocean Territories

The Indian Ocean Territories Reimbursement Fund (**the Fund**) was established in March 1996 and became operational in July 1996. The purpose of the Fund is to meet the cost of the services of the Office in relation to complaints involving the Indian Ocean Territories. Any balance of the Fund at the end of the financial year is included in the Office's Operating Account. Any under or over expenditure at the end of the reporting period, for example, due to fluctuations in complaint numbers, is refunded or recouped from the Commonwealth Department of Infrastructure, Transport, Regional Development, Communications and the Arts (**DITRDCA**) in the subsequent reporting period. Where, by agreement with DITRDCA, any funds are retained for expenditure in the next year, this is treated as restricted cash. The figures presented below for the fund have been prepared on a cash basis.

	2023	2022
	\$	\$
Opening Balance	4,630	10,398
Receipts	29,976	24,217
Payments	(26,953)	(29,985)
Closing Balance	7,653	4,630

9. Explanatory statements

This section explains variations in the financial performance of the Office.

	Note
Explanatory statement for controlled operations	<u>9.1</u>

9.1 Explanatory statement for controlled operations

This explanatory section explains variations in the financial performance of the Office undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2023 and between the actual results for 2023 and 2022 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the:

1. Estimate and actual results for the current year:

- Total Cost of Services of the estimate for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$13,394,000), and
- Total Assets of the estimate for the Statement of financial position (i.e. 1% of \$4,027,000).

2. Actual results for the current year and the prior year actual:

- Total Cost of Services for the previous year for the Statements of comprehensive income and Statement of cash flows (i.e. 1% of \$11,422,051); and
- Total Assets for the previous year for the Statement of financial position (i.e. 1% of \$3,164,087).

9.1.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2023	Actual 2023	Actual 2022	Variance between estimate and actual	Variance between actual results for 2023 and 2022
		\$	\$	\$	\$	\$
Statement of Comprehensive Income						
Employee benefits expense		9,573,000	9,743,632	8,874,708	170,632	868,924
Supplies and services	1, A	2,191,000	1,362,296	923,781	(828,704)	438,515
Depreciation and amortisation expense		316,000	257,348	255,394	(58,652)	1,954
Accommodation expenses	2, B	913,000	1,184,839	1,336,207	271,839	(151,368)
Finance costs		2,000	1,100	959	(900)	141
Other expenses	3	399,000	61,306	31,002	(337,694)	30,304
Total cost of services		13,394,000	12,610,521	11,422,051	(783,479)	1,188,470
Income						
Other Income		2,720,000	2,684,988	2,582,319	(35,012)	102,669
Total Income		2,720,000	2,684,988	2,582,319	(35,012)	102,669
NET COST OF SERVICES		10,674,000	9,925,533	8,839,732	(748,467)	1,085,801
Income from State Government						
Service appropriation	C	10,234,000	10,944,000	8,308,000	710,000	2,636,000
Resources received	4, D	440,000	116,416	308,270	(323,584)	(191,854)
Total income from State Government		10,674,000	11,060,416	8,616,270	386,416	2,444,146
SURPLUS/(DEFICIT) FOR THE PERIOD		-	1,134,883	(223,462)	1,134,883	1,358,345
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	1,134,883	(223,462)	1,134,883	1,358,345

Major estimate and actual (2023) variance narratives

- 1) The variance in supplies and services expense is primarily due to expenses included in accommodation expenses in actual to reflect the nature of expenses more accurately.
- 2) The variance in accommodation expenses is primarily due to a portion of expenses included in supplies and services in estimate and lower cost of resources received free of charge from the Department of Finance for accommodation depreciation.
- 3) The variance in other expenses is primarily due to a portion of expenses included in other expenses for the estimate, being included in supplies and services for the actual.
- 4) The variance in resources received free of charge is primarily due to lower cost of resources received free of charge from the Department of Finance for accommodation depreciation and lower payroll services charges from the Department of the Premier and Cabinet.

Major actual (2023) and comparative (2022) variance narratives

- A) The variance in supplies and services is primarily due to expenditure incurred in line with the fund being approved for additional functions delivered by the Office.
- B) The variance in accommodation expenses is primarily due to lower cost of resources received free of charge from the Department of Finance for accommodation depreciation.
- C) The variance in service appropriation is primarily due to fund being received for Reportable Conduct Scheme for Western Australia, Oversight by the Parliamentary Commissioner under Part 5AA (Protected Entertainment Precincts) of the Liquor Control Act 1988 and Investigations by the Parliamentary Commissioner under the Charitable Trust Act 2022.
- D) The variance in resources received free of charge is primarily due to lower cost of resources received free of charge from the Department of Finance for accommodation depreciation and lower payroll services charges from the Department of the Premier and Cabinet.

9.1.2 Statement of Financial Position Variances

	Variance Note	Estimate 2023 \$	Actual 2023 \$	Actual 2022 \$	Variance between estimate and actual \$	Variance between actual results for 2023 and 2022 \$
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents		345,000	1,440,156	294,228	1,095,156	1,145,928
Restricted cash and cash equivalents		10,000	7,653	4,630	(2,347)	3,023
Receivables		435,000	6,330	48,243	(428,670)	(41,913)
Amounts receivable for services		208,000	208,000	208,000	-	-
Total Current Assets		998,000	1,662,139	555,101	664,139	1,107,038
Non-Current Assets						
Restricted cash and cash equivalents		211,000	272,507	192,143	61,507	80,364
Amounts receivable for services		2,144,000	2,065,000	2,036,000	(79,000)	29,000
Plant and equipment	5	183,000	122,816	146,396	(60,184)	(23,580)
Intangible assets	5, E	434,000	284,471	209,014	(149,529)	75,457
Right-of-use assets		57,000	49,347	25,433	(7,653)	23,914
Total Non-Current Assets		3,029,000	2,794,141	2,608,986	(234,859)	185,155
TOTAL ASSETS		4,027,000	4,456,280	3,164,087	429,280	1,292,193
LIABILITIES						
Current Liabilities						
Payables		310,000	312,040	320,079	2,040	(8,039)
Employee related provisions	F	2,061,000	2,033,334	1,830,190	(27,666)	203,144
Lease liabilities		17,000	6,391	12,016	(10,609)	(5,625)
Contract liabilities	6	121,000	77,066	79,052	(43,934)	(1,986)
Total Current Liabilities		2,509,000	2,428,831	2,241,337	(80,169)	187,494
Non-Current Liabilities						
Employee related provisions	7, F	560,000	410,868	541,522	(149,132)	(130,654)
Lease liabilities		40,000	34,424	13,376	(5,576)	21,048
Contract liabilities	G	58,000	58,422	-	422	58,422
Total Non-Current Liabilities		658,000	503,714	554,898	(154,286)	(51,184)
TOTAL LIABILITIES		3,167,000	2,932,546	2,796,235	(234,454)	136,311
NET ASSETS		860,000	1,523,735	367,852	663,735	1,155,883
EQUITY						
Contributed equity		1,535,000	1,288,000	1,267,000	(247,000)	21,000
Accumulated surplus/(deficit)		(675,000)	235,735	(899,148)	910,735	1,134,883
TOTAL EQUITY		860,000	1,523,735	367,852	663,735	1,155,883

Major estimate and actual (2023) variance narratives

- 5) The variance in plant and equipment and Intangible assets is primarily due to the timing of asset replacement which fluctuates year by year.
- 6) The variance in contract liabilities is primarily due to the timing of asset replacement of intangible assets.
- 7) The variance in employee related provisions is primarily due to a portion of staff long service leave liability becoming due during the financial year.

Major actual (2023) and comparative (2022) variance narratives

- E) The variance in intangible assets is primarily due to the timing of asset replacement which fluctuates year by year.
- F) The variance in employee related provisions is primarily due to the transfer of leave provision of additional employees arising from the new functions for the Office and some staff long service leave liability becoming due during the financial year.
- G) The variance in non-current contract liabilities is due to the timing of contracts for asset replacement of intangible assets.

9.1.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2023	Actual 2023	Actual 2022	Variance between estimate and actual	Variance between actual results for 2023 and 2022
		\$	\$	\$	\$	\$
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	H	9,918,000	10,707,000	8,072,000	789,000	2,635,000
Holding account drawdown		208,000	208,000	208,000	-	-
Capital appropriations	8	268,000	21,000	21,000	(247,000)	-
Net cash provided by State Government		10,394,000	10,936,000	8,301,000	542,000	2,635,000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(9,553,000)	(9,647,710)	(8,821,617)	(94,710)	(826,093)
Supplies and services	9, I	(1,437,000)	(1,262,489)	(822,740)	174,511	(439,749)
Finance costs		(2,000)	(1,100)	(959)	900	(141)
Accommodation	10	(913,000)	(1,171,695)	(1,137,477)	(258,695)	(34,218)
GST payments on purchases		(271,000)	(248,857)	(213,165)	22,143	(35,692)
GST payments to taxation authority		-	(99,175)	(77,893)	(99,175)	(21,282)
Other payments	11	(713,000)	(29,795)	(26,600)	683,205	(3,195)
Receipts						
GST receipts on sales		271,000	272,630	255,868	1,630	16,762
GST receipts from taxation authority		-	56,934	108,809	56,934	(51,875)
Other receipts		2,720,000	2,684,988	2,582,372	(35,012)	102,616
Net cash provided by (used in) operating activities		(9,898,000)	(9,446,269)	(8,153,402)	451,731	(1,292,867)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	8	(458,000)	(238,645)	(184,445)	219,355	(54,200)
Net cash provided by (used in) investing activities		(458,000)	(238,645)	(184,445)	219,355	(54,200)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease payments		(18,000)	(21,772)	(20,811)	(3,772)	(961)
Net cash provided by (used in) financing activities		(18,000)	(21,772)	(20,811)	(3,772)	(961)
Net increase/(decrease) in cash and cash equivalents		20,000	1,229,314	(57,658)	1,209,314	1,286,972
Cash and cash equivalents at the beginning of the period		546,000	491,002	548,660	(54,998)	(57,658)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		566,000	1,720,316	491,002	1,154,316	1,229,314

Major estimate and actual (2023) variance narratives

- 8) The variance in capital appropriation and purchase of non-current asset is due to carryover of the complaint management system from the 2022-23 to 2023-24 financial year.
- 9) The variance in supplies and services payments is primarily due to expenses included in accommodation payments in actual to reflect the nature of expenses more accurately.
- 10) The variance in accommodation payments is primarily due to a portion of expenses included in supplies and services in estimate and lower cost of resources received free of charge from the Department of Finance for accommodation depreciation.

- 11) The variance in other payments is primarily due to a portion of expenses included in other payments for the estimate, being included in supplies and services for the actual.

Major actual (2023) and comparative (2022) variance narratives

- H) The variance in service appropriation is primarily due to fund being received for Reportable Conduct Scheme for Western Australia, Oversight by the Parliamentary Commissioner under Part 5AA (Protected Entertainment Precincts) of the Liquor Control Act 1988 and Investigations by the Parliamentary Commissioner under the Charitable Trust Act 2022.
- I) The variance in supplies and services is primarily due to expenditure incurred in line with the fund being approved for additional functions delivered by the Office.